



UNITED STATES
OFFICE OF PERSONNEL MANAGEMENT
WASHINGTON, DC 20415-1000

OFFICE OF THE DIRECTOR

JUL 06 2005

The Honorable David S.C. Chu
Under Secretary of Defense for Personnel
4000 Defense Pentagon
Washington, DC 20301-4000

Dear Dr. Chu:

In response to your request for Direct-Hire Authority (DHA) dated June 23, 2005, I am pleased to approve a DHA based on your urgent need to fill quickly mission-critical Accountant, GS-510, vacancies at grade levels GS-14 and 15 in the Office of the Under Secretary of Defense (Comptroller) (USD(C)). This DHA will assist USD(C) in meeting congressional, Government Accountability Office (GAO), and Administration requirements for the Department of Defense (DoD) to prepare unqualified financial statements based on generally accepted accounting principles (GAAP) as soon as possible.

Your request for DHA meets the criteria for approval based on "a critical hiring need" under 5 CFR 337.205, when an event or circumstance creates an urgent need to fill positions and DoD provides evidence showing the use of other hiring authorities is impractical or ineffective. In this case, the event or circumstance is pressure resulting from the following:

- The President's Management Agenda identification of USD(C) initiatives to achieve an unqualified (clean) audit opinion as an Administration priority;
- The Office of Management and Budget's "Score Card - RED rating" on progress in financial management improvement;
- Congress' funding and oversight of USD(C) initiatives to improve financial management;
- DoD's continuing submission of qualified financial statements;
- GAO's continuing identification of DoD's financial management as a "High-Risk Area;" and
- USD(C)'s inability to hire Accountants with the expertise required.

USD(C) currently has 5 key vacancies among its 38 Accountant positions at the GS-14 and 15 levels and anticipates additional vacancies in the near future. DoD has submitted evidence demonstrating difficulty hiring Accountants for USD(C) with expert knowledge of GAAP and the use of general ledgers in large organizations. USD(C) reports problems and delays using competitive hiring authorities to hire qualified candidates, which resulted in declinations. In addition, USD(C) reports performance problems resulting from hiring Accountants without the expertise and experience needed to formulate new DoD-wide financial policy. Further, in conjunction with this DHA, USD(C) plans to establish selective factors, conduct vigorous external recruitment, and use recruiting and retention incentives.

Based on the above, OPM hereby grants DoD the following limited DHA:

DoD-003, issued on the date of this letter, for up to 30 **Accountant**, GS-510, vacancies at grade levels 14 and 15, located in the Office of the Under Secretary of Defense (Comptroller) requiring expert knowledge of generally accepted accounting principles (GAAP) and the use of general ledgers in large organizations. This authority is based on a critical need to fill quickly vacancies working on high-priority department-wide initiatives designed to obtain unqualified financial statements. This authority expires on **September 30, 2007**.

Using this DHA

DoD may use this DHA to fill a covered competitive service position using a temporary, term, or permanent appointment without regard to the provisions of 5 U.S.C. 3309 through 3318, 5 CFR part 211 and part 337, subpart A. Hiring under a DHA is subject to the public notice requirements in 5 U.S.C. 3327 and 3330 and 5 CFR part 330, including the displaced employee procedures found at 5 CFR part 330, subpart G, and requirements in 5 CFR 332.407. In addition, DoD must comply with all relevant laws to the extent that they are not exempted from such laws pursuant to 5 U.S.C. 3304(a)(3). Further, OPM encourages DoD to make employment offers to qualified applicants with veterans' preference whenever possible.

DoD may use this DHA to appoint candidates with written employment offers dated on or before September 30, 2007. DoD must use two authority codes when documenting personnel actions using this DHA. The first code, "AYM," automatically fills in "Reg. 337.201" on the Notification of Personnel Action, Standard Form (SF) 50. The second authority code, "BYO," identifies your use of an agency-specific authority. Using these two authority codes will help OPM evaluate the use of this authority without requiring agency reports.

OPM Oversight and Extension

On a periodic basis, OPM will review the use of DHAs to ensure each is being used properly and to determine if the continued use of the authority is still supportable. OPM may withdraw this authority upon notice for any reason. If necessary, DoD may request a date extension or coverage for additional vacancies based on either critical hiring need or a severe shortage of candidates with the selective factors required for these vacancies.

We hope this authority will help you quickly fill these critical positions. If you have questions about this authority, please contact Darlene Phelps by telephone on (202) 606-1730 or by email at Darlene.Phelps@opm.gov.

Sincerely,



Linda M. Springer
Director